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⁂ The Bank publishes from time to time in this Monthly Review signed articles by exponents of different theories on questions of public interest. The Bank is not necessarily in agreement with the views expressed in these articles.

The Budget, Taxation and Trade

By Francis W. Hirst

IN September, 1930, I wrote for LLOYDS MONTHLY REVIEW an article on the need for public economy. During the Budget debates of that year, the Chancellor of the Exchequer, Mr. Philip Snowden, had challenged critics to show how public expenditure could be reduced. I responded to that challenge, insisting on the imperative necessity for retrenchment, partly by general arguments, and partly by pointing out particular items in the Budget which were obviously excessive or superfluous. After my article had appeared, the financial situation both at home and abroad rapidly became worse. The depressing effects on our people of their excessive tax burdens were aggravated by declining trade, falling prices, and an alarming crop of public and private bankruptcies in all parts of the world, which have inflicted serious privations and heavy losses on British investors, export manufacturers, shipowners and shippers.

A few months later the growth of unemployment and of borrowing for the relief of the unemployed completely upset the balance of our Budget, and the naked truth was suddenly exposed by the publication (nearly two years ago) of the May Report, foreshadowing a prospective deficit of £120 millions in the next financial year if all borrowing were stopped, and recommending immediate economies to the tune of £96 millions,

chiefly on unemployment insurance and on the pay of teachers, soldiers, sailors and other servants of the State. Apart from necessity, there was a rational and adequate ground for these comparatively small percentage reductions; for the purchasing power of the pound sterling, in which salaries, wages and unemployment benefits were paid, had risen in the last few years by a far higher percentage.

The story of the political and financial crises which followed, involving the fall of the Labour Government, the balancing of the Budget, and the abandonment of the gold standard, is familiar enough; but it is not always remembered that the present National Government obtained its immense majority at the general election of 1931 on a policy of economy which had then only begun. Unfortunately it has not since been prosecuted. That is the reason why the heaviest scale of taxation ever imposed upon this people in time of peace remains practically unaltered. That is the reason why, in two successive Budgets, Mr. Neville Chamberlain has so bitterly disappointed income tax payers all over the country, who, eighteen months ago were counting confidently, and reasonably enough, on a reduction of the standard rate from 5s. to 4s.—the rate at which it stood during the last Conservative administration.

After his first budget the Chancellor of the Exchequer uttered some reassuring words to his disappointed supporters in the House of Commons. "After all," he said on June 11th, 1932, "the resources of civilization are not yet exhausted. Increased taxation is not the only way of meeting the problems which lie before us, if we should find it necessary to tackle them afresh. I decline altogether to accept the view—if anybody puts it forward—that we have come to the end of the possibilities of reduction of our national expenditure." This observation, and further remarks on the desirability of some "hard thinking" for the purpose of obtaining substantial reductions in the estimates, induced a large body of private members of the House of Commons to set up an independent economy committee, "to enquire into the whole field of national expenditure, and to suggest broad lines of policy for effecting maximum economies without curtailing efficiency." Upwards of one hundred and forty Members of Parliament were eager to serve on the sub-committees (five in number) which examined (1) the cost of Whitehall departments and

defence services, (2) local government, (3) transport and roads, (4) national debt, and (5) pensions, unemployment grants, and national health insurance. They were encouraged in their labours by a subsequent speech from the Chancellor of the Exchequer in which he told the House of Commons his reasons for welcoming the movement:—

> " One of the greatest difficulties of Chancellors of the Exchequer in the past, when they have tried to effect economies, has been that they have had to address themselves to an uninformed House; and I am confident that the very fact that so large a number of Members intend themselves to take up the study of this question will mean that, when the Government put forward their proposals for economies or reductions in one form or another, there will be a much larger proportion of the House that is fully equipped to appreciate both the difficulties and the possibilities of the situation, than there ever has been before in my recollection."

The reports of the five Committees were completed last November, with an excellent introduction of a general character signed by the Chairman, Sir Gervais Rentoul, and seven of his colleagues, who forwarded them to the Chancellor of the Exchequer with a respectful request that they might receive the careful consideration of His Majesty's Government. All the specific recommendations of the five Committees were not endorsed by the Committee as a whole; but happily the Reports, with some useful statistical tables, have been published by P. S. King & Son; and the volume of 134 pages is available at the modest price of one shilling. I am unable to assess the total amount of the savings which would have accrued if the Government had carried out all, or most of, the recommendations of the Committees and had translated them into this year's estimates; but it is certain, I think, that a shilling might have been taken off the income tax and a considerable further sum applied to the reduction of debt and to some of the more oppressive indirect duties on consumption.

Unhappily, Mr. Chamberlain either changed his mind or was unable to persuade the Cabinet to accept a programme of economy. In his second Budget statement of April 25th, referring to " certain criticisms which had been made on the subject of expenditure," he declared that since April, 1931, the ordinary expenditure of the country, apart from interest

on the American Debt, had been reduced from £785 to £697 millions, and that another £25 millions of automatic or additional expenditure on pensions, unemployment, housing, etc., had been absorbed. He claimed, therefore, that "the real saving to-day, as compared with the estimated position of two years ago, amounts to £113 millions." But he went on to add that of this sum £52 millions is due partly to the Conversion of War Debt (for which he deserves the greatest credit) and partly to the low rates of interest in the money and discount markets, which have temporarily lowered the charges for floating debt. Thus nearly half of the savings claimed are in no way due to economies effected by the spending departments of the National Government; and the other £61 millions, so far as I can make out, were authorized by the National Government before Mr. Chamberlain became Chancellor of the Exchequer. Indeed, since he took office, the Treasury, I am afraid, has done very little to restrain extravagance, and the tendency of the estimates has been to rise rather than to fall. When the Chancellor of the Exchequer tells his critics that "they must not disregard the enormous savings already made by the Government," they are entitled to ask what, if any, savings, apart from debt conversion, have been effected since he went to the Exchequer.

But the real question after all is whether the present scale of national expenditure is more than the country can afford, whether the present height of taxation is a potent cause of the trade depression, and whether the Budget is now satisfactorily balanced. If we look at the figures and explanations of this year's financial statement, we shall find that Mr. Chamberlain's difficulties were due mainly to the declining yield of taxes. He expects a yield of only £240 millions from the income tax which is £11½ millions less than he received last year. In the financial year 1930–31, when the rate of income tax was sixpence less, it yielded £256 millions—£16 millions more than its estimated present yield with the standard rate at 5s. in the pound. "Unfortunately," as Mr. Chamberlain said, "the returns with which traders are good enough to furnish me show that the profits of 1932, on which the assessments will be made, were considerably less than they were the year before." The case of the surtax is even worse. To quote the Chancellor of the Exchequer again, "I call the figure of £51 millions, which I have estimated for surtax, depressingly

low." He anticipates "a further shrinkage below the receipts of last year, which were then about £5 millions lower than I estimated and £16 millions below the amount received in the previous year." The last official return shows that some 12,000 persons have fallen below the surtax level.

There is no denying the fact that for several years past the country has been getting poorer. Indeed, the revenue returns alone provide eloquent proof of a diminution in the aggregate income of the nation. As a Conservative Member put it during the Budget debates, "the total anticipated revenue from taxes in the Budget of 1933–34 is £652 millions, which is almost identical with that of 1929. But since then a shilling has been added to the income tax; surtax has been increased 35 per cent. and death duties 9 per cent." Then there have been enormous additions to Customs and Excise, including a general tariff. It was thought by optimists like Mr. Keynes that a general tariff would yield from £60 to £70 millions. Mr. Chamberlain anticipates that the general tariff and the Ottawa duties together will yield only £24,500,000, bringing up the total revenue from Customs and Excise to £281 millions, which is £7 millions less than last year's receipts.

Having failed to introduce substantial economies, and being confronted by a declining yield of taxes, which offsets both the additions to taxation and the large reduction in the interest charge on debt, Mr. Chamberlain was unable to offer any general relief to taxpayers on the lines of orthodox finance, which requires for that purpose a surplus of anticipated tax revenue over estimated expenditure. The poverty of the Budget is sufficiently shown by the fact that in order to take a penny off beer he had to suspend what remained of the Sinking Fund, besides borrowing £7 millions for Sinking Fund purposes and adding last year's American Debt payment to the National Debt. A temporary sop to income tax payers for earned incomes was taken from a capital asset, and for the rest taxation was increased instead of being diminished. That Mr. Chamberlain refused to unbalance his budget by borrowing a large sum to reduce income tax and enlarge the expenditure on public works is all to his credit; but to say that the Budget has been balanced satisfactorily would be an exaggeration.

What seems to be clear from this survey and from the universal testimony of business men all over the country is

that, in face of declining trade, declining income from investments, and declining profits of shipping, the country cannot stand much longer the enormous additions to taxation which have been made in the last three years. Allowing for the change in the purchasing power of the pound sterling, the present burden of taxes is much heavier than it has been at any time since 1921.

I recently made some calculations on this subject which it may be useful to repeat as they certainly have not yet sunk into the public mind. It is well known by experts in national finance that a change was made by Mr. Churchill in the system of accounts by removing the self-balancing items. Replacing them in order to obtain an accurate comparison, I found, before the Budget was introduced, that our expenditure had risen since 1924 from £790 to nearly £850 millions sterling. But since 1924 the value of the pound sterling has very nearly doubled. In the interval between 1924 and the spring of this year the *Economist's* index number of wholesale prices fell from 100 to 52—which means that in the wholesale markets £52 sterling to-day will buy as much as £100 would in 1924. Hence the real expenditure and the real value of the revenue collected has doubled, so that, if we express the present Budget in terms of the 1924 pound, our national expenditure is now in the neighbourhood of £1,600 millions sterling. Retail prices have lagged somewhat behind; but the cost of food and clothing has been enormously reduced, though wages and salaries (especially in public employment, both national and local, and in the sheltered trades) have remained comparatively rigid. Here we have the explanation of a part of our economic troubles. Real wages are so high that in a time of trade depression employers can only afford to employ the more competent workmen and workwomen. But this is only one factor in mischiefs which are beginning to threaten public solvency. Let me mention another. It is estimated that the proportion of national income taken in taxes (excluding local rates) has risen from about 7 per cent. in 1913 to 16 per cent. in 1924 and to 25 per cent. at the present time!

We need not be pessimistic about the practicability of large reductions in both national and local expenditure without impairing efficiency in the services rendered and without impairing the security of the nation. No one, I think, will contend that in these respects we were worse off in 1925 than

in 1921 or 1922, or that we are better off now than we were in 1924 or 1925. Nor is it, I would suggest, a mere coincidence that in 1924 and 1925, when the national expenditure was at its lowest since the war, and when the real expenditure measured by index numbers was only about half what it is now, trade and employment were far better. When Government expenditure is substituted for private expenditure, work invariably costs more, and the money is usually spent upon superfluities, such as palatial Government offices, or new motor roads, or other luxuries, which are only excusable in times of prosperity and reasonably low taxation. It may be worth recalling that in 1920 and 1921, during the post-war boom and inflation, when our national expenditure was well over a thousand millions, those who were pressing for public economy had a hard uphill struggle. Ministers and departmental chiefs declared that expenditure had been "cut to the bone"; and in the House of Commons the Government turned a deaf ear to the warnings of a small minority of sensible and far-sighted men.

Then came the slump in trade and prices. Unemployment assumed gigantic proportions. Business men bestirred themselves. The Coalition Government began to lose by-elections, and ministers were alarmed by the numbers who voted in the House of Commons on April 11th, 1921, for a motion urging the "imperative need for more economical administration." Apart from war debt and pensions, large additions had been made since the war to all the spending departments, and many new ones had been created. The vote for the Civil Services had risen from £57 millions before the war to £497 millions in 1920. It is true that at that time the value of a paper pound was only from one-half to two-thirds that of the pre-war gold sovereign; but public opinion became irresistible, and in May, 1921, the Chancellor of the Exchequer (Sir Robert Horne) issued a circular to all Government departments, requiring them to make drastic cuts in their expenditures. At first a total reduction of £113 millions was called for, but subsequently the figure was raised to £175 millions. In response to this circular, the spending departments offered economies amounting to £75 millions. Thus £100 millions more had still to be saved. Accordingly, the Geddes Committee was set up, "to make recommendations to the Chancellor of the Exchequer for effecting forthwith all possible reductions in the

national expenditure on Supply Services, having regard to the present and prospective position of the revenue." Within a few months the Committee concluded a rapid but comprehensive survey and investigation of all branches of national expenditure. It issued in quick succession three reports suggesting reductions of over £86 millions, and showing further how another £13 millions might be saved. Moreover, the Committee entertained " no doubt whatever " that a close scrutiny of expenditure in the departments themselves and by the Treasury would disclose the possibility of further economies, as their own investigations had not been exhaustive.

In the spring of 1922, only £36 millions of the savings recommended by the Geddes Report had been adopted by the Government. The two leading members of the Committee—Sir Eric Geddes and the late Lord Inchcape—denounced this failure of the Government in very strong words. At the Mansion House in April, 1922, Lord Inchcape said :—" The first line of a country's defence and of the defence of civilization is solvency. We have got into a position where many can only pay rates and taxes by realizing assets and so diminishing the funds needed for the expansion of business."

Happily the movement for public economy, with the Geddes recommendations as its objective, pressed onwards to success. In the financial year, 1922–23, the national expenditure was brought down by £200 millions, and a further reduction of more than £100 millions was effected in the following year, when it fell to £789 millions—the lowest point since the war. Even so, it was widely felt that a total of £789 millions, when compared with the £197 millions of the last pre-war budget, was far too high ; and in his Manifesto at the 1924 election, Mr. Baldwin appealed for further retrenchments. To quote his own words, " the burden of taxation lies heavily upon industry and trade, diminishes real wages, and in a variety of ways adds to the cost of living. To assist in relieving the community of this burden, the most rigid economy is essential." After taking office with an immense majority, he was still of the same opinion ; and in the King's speech (December, 1924), the new Conservative Cabinet endorsed his policy in two emphatic sentences :—" The present heavy burdens of the taxpayer are a hindrance to the revival of enterprise and employment. Economy in every sphere is imperative if we are to regain our industrial and commercial prosperity."

Mr. Churchill, the new Chancellor of the Exchequer, in his first budget, reduced the income tax to 4s. in the pound, and announced that he was aiming at a reduction of £10 millions a year progressively in the Supply Services. Unluckily for the country, he not only failed to carry out this programme, but raised the expenditure to the tune of from £30 to £40 millions a year during his term of office, and left the financial position worse than he found it.

It cannot, I think, be denied that the financial troubles of the last three years and the rapid decline of our overseas trade have brought the country to an even worse pass than that which led to the appointment of the Geddes Committee and prompted the drastic cuts in expenditure which took place between 1921 and 1923. The fall in prices, the diminution of the national income, the increased proportion of that income taken by the tax collector and the rate collector, and finally the declining yield of the leading branches of the revenue, are all warning signals to Parliament and the Government which it were madness to ignore.

Drastic all-round retrenchment is evidently far more "imperative" than when Mr. Baldwin's second administration came into office. But when a new scheme of public economy is framed, it must not be confined to national expenditure. That of the local authorities deserves and requires close scrutiny; for the solvency of local finance has also been endangered by excessive additions to local debt and expenditure. This was pointed out by the recent Committee of private members, to whose report I have already drawn attention. Moreover, through the system of grants in aid, national and local budgets are closely intertwined. Economies in local finance may reduce both rates and taxes; and in any case all ratepayers are taxpayers.

In July, 1932, the Chancellor of the Exchequer, impressed by the economy movement and rightly anxious about his next budget, set up a committee to consider and report on possible economies in local expenditure in England and Wales. Sir W. Ray (a prominent member of the Rentoul Committee) was appointed Chairman, and a similar committee was set up for Scotland with Lord Lovat as Chairman. These two committees both reported towards the end of the year, and recommended various measures and administrative changes for the purpose of relieving ratepayers and taxpayers. One was

that "there should be a halt in legislation involving local authorities in fresh expenditure." Another was that every local authority "should review the whole of its work and staff." According to Sir W. Ray's Committee, "the wages and salaries bill of local authorities (exclusive of teachers and police) could be reduced by approximately £5 millions below the figures for 1931." Altogether the two reports suggested economies of about £40 millions a year, of which rather more than half would relieve the ratepayer, and rather less than half, representing grants from the National Exchequer, would go to the relief of the taxpayer.*

By way of illustrating the extravagance that has prevailed among local authorities all over the country—an extravagance greatly stimulated and encouraged by the system of grants in aid—I may take the case of the rural district council of Godstone, which is exhibited in Sir Ernest Benn's "Account Rendered."† The total expenditure of this local authority was £36,421 in the financial year ended March 31st, 1913, and £218,126 in the year ended March 31st, 1929. In the interval, Godstone had lost one of its parishes. Consequently, whereas the expenditure of 1913 represented a population of 34,158, or 21s. 3d. per head, that of 1929 was chargeable to only 24,696 persons, and amounted to 176s. 7d. per head—more than eight times the previous figure! Under these circumstances, it is interesting to look at the table of the salaries of officers and their numbers in the two years 1913 and 1929. In 1913, there were fourteen officers, with salaries ranging up to £250 for the highways surveyor, £275 for the building surveyor, and £350 for the clerk of the council. In 1929, Godstone's army of officers had swollen to fifty-three. The highways surveyor was receiving £750, the building surveyor £450, and the clerk of the council, £505. In 1929 there were eighteen officials receiving more than £200 a year, as against three in 1913. This is a typical example of the spirit of extravagance which has prevailed among local authorities as well as in the departments of Whitehall. Godstone's local debt had run up to £369,490 on March 31st, 1929. Among the aids received by

* See "Reports of the Committees on Local Expenditure"; Cmd. 4,200 for England and Wales, and Cmd. 4,201 for Scotland. Each was issued in 1932 at half-a-crown.

† See Chapter XI of "Account Rendered," published by Ernest Benn Ltd., London, 1930.

the rural authority in relief of the rural district rates were grants from the Surrey County Council and from the Ministries of Transport and Health and Agriculture, as well as from the Exchequer.

When we remember that the local government of England and Wales is managed by 62 county councils, 339 borough and county borough councils, 29 London councils, 783 urban district councils, 640 rural district councils and a vast number of parish councils, we need not be surprised that a spirit of extravagance, once it becomes prevalent, has formidable consequences to taxpayers and ratepayers alike. At the best of times there is always a tendency among easy-going representatives, or salaried servants, of the taxpayers and the ratepayers to regard the public purse, whether local or national, as inexhaustible, and to feel that it is almost a duty to be philanthropic and generous in their administration of public funds. Mr. Gladstone held and inculcated precisely the opposite view. He believed and maintained that the Chancellor of the Exchequer, and all public servants who administer public funds, were in the position of trustees, who ought to be even more careful and thrifty in the expenditure of public money than in their own private expenditure. The effect of laxity among local authorities in Great Britain may be seen by comparing their total budgets in the financial years 1913–14, 1924–25, and 1931–32. It appears that, while the expenditure from rates had doubled, the expenditure from taxes in the form of grants in aid had multiplied sixfold.

	In millions sterling		
Year	Rates	Grants	Total
1913–14 ...	79·0	25·6	104·6
1924–25 ...	160·1	93·1	253·2
1931–32 ...	165·0	154·0	319·0

Neither a Chancellor of the Exchequer, nor a Member of Parliament, nor a county or district council, nor a mayor and corporation, should expect that measures of retrenchment involving reductions of staff or salary or wages will be welcomed by public servants. Even when salaries or wages, with holidays, pensions and security, make a job in the Civil Service or the Municipal Service doubly as desirable as anything which the happy possessor of the place could have expected to get in business, or trade, or in one of the professions, a small reduction

of salary on the ground that the public purse is nearly empty will probably provoke an outcry. That is one reason why retrenchment meets with less opposition when it is applied all round than when the axe or the pruning-knife is applied to particular individuals or particular departments. No doubt, when a general policy of economy is put into practice by a government or a local authority, some departments and services have to be rationed more severely than others, because some have been more economically or more generously treated than others. But when all are called upon to make a sacrifice, especially after a period of falling prices, from which all have benefited, complaints will be fewer, and they will excite less public sympathy. Moreover, when, by a general measure (effecting, say, a 10 per cent. reduction in the ordinary expenditure of the Central Government or of a local authority) economies are brought about on a scale which enables the Government or the local authority to grant substantial relief to the general body of taxpayers or ratepayers, economy itself will become popular, because all classes of citizens—including public servants—stand to benefit thereby; and the reduction in the purchasing power of the State is more than balanced by the increased purchasing power (through reduced taxation) of the people who compose it. At the same time, public credit, which is endangered by each addition to debt and taxation, is strengthened and fortified by measures which increase the margin of solvency, and add to the yield of taxes by diminishing their rates. An income tax of 5s. in the pound will certainly yield less per penny than an income tax of 4s.; and this is especially true in periods of depressed trade. The same principle applies, of course, to local burdens, as well as to Customs and Excise.

Another consideration, which ought not to be lost sight of by advocates of economy, is the danger of a general revolt of taxpayers and ratepayers, which would compel the Government to adopt precipitately far more drastic and revolutionary measures than the comparatively mild and moderate economies which will be adequate if they are adopted in time before another crisis is upon us. Much depends upon the force and conviction with which the subject is presented to Parliament and the public by the Chancellor of the Exchequer. He should point out what has happened in so many foreign countries, in several of our self-governing Dominions, and quite recently in

the United States, where President Roosevelt has received and used dictatorial powers for the purpose of reducing pensions and federal salaries in order to balance the budget. We may remind ourselves that in many great cities of the United States the salaries and wages of teachers and policemen and other municipal servants are in arrears. In Germany after the war practically all public debts were confiscated, while in France, Belgium and Italy they were reduced to a fraction of the sums owed to private investors. Depreciations of the currency caused by excessive debts and taxation in most foreign countries, as well as in Australia and New Zealand, have reduced the real wages and salaries and pensions of all those who are dependent upon the State. If we are forced to adopt such a course, as an alternative to public economy, it is not unlikely that the real sufferings of the public service, especially in its lower branches, will be far more severe than if they submit to a general measure of retrenchment.

Most of the sixty-six governments, whose delegates have just assembled at the World Economic Conference in London, are insolvent. They have been overspending and borrowing. Their currencies are depreciated. They cannot pay interest on their debts, as their taxing and borrowing powers are exhausted. Their peoples are miserable. Their unemployed are starving. Yet we are told by some of our professors and pundits to proceed along the primrose path of spending and borrowing as a means of increasing trade and employment. "Wise Spending" is a question-begging phrase. It is always wise to spend well what you can afford to spend, just as it is always wise to invest your savings in Safety First Securities. What is true of individuals is true of nations. Waste leads to want and borrowing to beggary. The present duty of our Government surely is to follow the course adopted ten years ago and to make reductions of expenditure on such a scale that substantial reductions of taxation can be effected and a substantial sinking fund restored. This must be done by the Treasury with the authority of the Cabinet. The only alternative is a monetary policy which would raise prices to the level, say, of 1925 without raising the estimates. This would be equivalent to a much greater reduction of public expenditure than the hundred millions which might reasonably be proposed as the goal of national and local retrenchment.

FRANCIS W. HIRST.

The Rise in Commodity Prices

SINCE the end of March, wholesale prices have been steadily rising. The rise has been more marked in the United States than in England, and has gone further in the case of primary commodities than in partly-finished goods, such as tin-plates or cotton cloth. Still, from whichever angle it is regarded, it has gone far enough to rank as the first definite advance in prices since the short-lived revival of the summer of last year, and to raise the question whether the world has at last reached the bottom of the depression and price deflation of the past four years.

Reviewing the course of sterling and dollar commodity prices since the British suspension of the gold standard in September, 1931, the period falls naturally into five main divisions, the turning-points of which are shown in the following brief table :—

	Sterling Prices		Dollar Prices	
	Primary Commodities	All Wholesale Commodities	Primary Commodities	All Wholesale Commodities
September 16th, 1931 ...	100	100	100	100
Mid-November, 1931 ...	119·4	111·4	103·5	99·3
End June, 1932	99·3	97·6	80·5	86·3
Beginning September, 1932	120·2	106·7	94·6	91·7
End February, 1933 ...	104·2	100·0	76·9	80·0
End May, 1933	116·3	103·5	108·5	90·0

The first period, which lasted until the middle of November, 1931, witnessed the divergence of sterling prices above dollar prices in reflection of the depreciation of the pound. There were appreciable rises in sterling prices, a moderate increase in the dollar prices of primary materials, and a slight fall in the general dollar wholesale price index number. The second period, which lasted until the end of June, 1932, was a period of a general decline in sterling and dollar prices alike. Then came the short-lived revival which followed the signature of the Lausanne agreement and the prospect of cheaper money which arose out of the inception of the British War Loan conversion scheme. This reached its peak in September, 1932, only to be succeeded by a further general decline over the months which witnessed the autumn depreciation of sterling, the war debt negotiations and the preliminary stages of the

American banking crisis. This decline lasted until the end of February, 1933.

The last movement, which may still be incomplete, is in some ways the most interesting of all. It began with a rise in dollar prices at the time of the American banking holiday. Sterling prices did not follow at once, for they only began to turn upwards in early April, or about a month later. Then came the American suspension of the gold standard on April 19th, followed by a very sharp rise in dollar prices and by a moderate but still sharp rise in sterling prices. The partial convergence of dollar and sterling prices reflected the depreciation of the dollar against the pound and was the counterpart to the divergence which succeeded the British suspension of the gold standard in the autumn of 1931.

Now is there any parallel between the consequences of the British and the American suspensions of the gold standard? To a limited extent an affirmative answer can be given, for just as our suspension was followed by a rise in dollar primary material prices, so has the American suspension been followed by an advance in sterling primary material prices. The explanation of both these movements is very clear. In each case, the depreciation of the currency of the country concerned was not only the cause of a marked advance in that country's internal prices but also gave rise to the belief that trade was about to expand under the stimulus of depreciation. Thus manufacturers and traders began to buy ahead and to lay in stocks of raw materials, and they did not confine their purchases to those commodities which their own country produced, but drew upon the primary markets of the world. This meant that there was a general rise in primary commodity prices, although it was naturally more pronounced in the particular country whose currency had depreciated.

In our case, the rise only lasted a few weeks, and was succeeded by a further decline, and this raises the question whether the present rise—admittedly due to the American currency depreciation—is about to suffer the same fate. It is just here, however, that it ceases to be legitimate to press the parallel between the British and American depreciation any further. In our own case, the suspension of the gold standard was forced upon us, and we took drastic and immediate steps to limit its consequences. We balanced our budget, we enforced a 6 per cent. bank rate, and we returned to power a

Government and a Parliament pledged to carry out measures of economy, to rectify our adverse trade balance, and, in short, to prevent an uncontrollable rise in prices and the cost of living. The immediate arrest of the advance in sterling prices, and the fall which lasted until the middle of 1932 is in a sense a measure of their success.

Recent American history is almost exactly converse to this. Their suspension of the gold standard was a deliberate and voluntary act of policy. No penal rediscount rate is at present in force, the Administration is experiencing some political difficulty in balancing the budget, and there is no adverse trade balance in need of rectification. Moreover, the suspension of the gold standard is part of a general endeavour to raise the level of internal prices with the avowed object of alleviating the burden of outstanding indebtedness now laid upon agricultural and industrial producers. In undertaking this self-imposed task, the Administration are not laying such great stress upon the maintenance of the foreign exchanges as we did two years ago, and are admittedly looking "inwards" to the restoration of American prices and trade, rather than "outwards" to the value of the dollar in other currencies and to the relative levels of American and world prices. Again our knowledge of American psychology and economic history teaches us that once a nation-wide movement of this character gains momentum it goes a long way before it is checked or reversed.

Still, even if a further advance in dollar prices may legitimately be anticipated, its effect upon sterling prices is far from certain. Obviously much depends upon the future course of the pound-dollar exchange rate, for if the depreciation of the exchange value of the dollar outstrips the advance in American prices, American commodities will cheapen in terms of sterling and currencies linked to sterling, and this will tend to depress and not raise sterling prices. In this event, the most which will happen will be a further stiffening in the world prices of primary commodities needed by the United States, and while this will do something to restore the purchasing power of areas which are traditional importers of British goods, the course of events hinted at above will simultaneously inflict upon us increased competition from American exporters.

In any case, even if American inflation be kept within bounds, and even if an agreement is reached at the World Economic Conference in favour of general currency stabilization

and the restoration of some practicable and equitable form of the gold standard, it is necessary to view the recent and any further recovery of world prices with a due sense of proportion. The best level of prices is that which stimulates the simultaneous supply of and demand for goods, and that which brings selling prices and production costs into equilibrium with each other. Now since early 1929, prices of primary commodities have in many cases fallen by amounts of 40, 50 and 60 per cent. —and that is, in extreme cases, from 100 to 40. A recovery of 20 per cent. such as has occurred with several primary commodities during the past few months, sounds very impressive, but it only means a recovery from 50 to 60, and 60 is still a long way below the 100 of four years ago. Even allowing for the drastic and ruthless reductions in costs which have been made during the intervening period, it is premature to assume that equilibrium between prices and costs has yet been wholly restored. Besides, each recovery in prices renders it more difficult to keep wages, salaries and similar costs at their present low level. If a big recovery in prices occurs, a moderate rise in costs must be expected, especially in those parts of the world where primary materials are mainly produced.

It follows that the present rise in wholesale prices should be regarded with caution. Much depends upon the course of events in the United States, and in particular upon how far the Administration is able or willing to resist the present pressure in favour of moderate inflation. Again much depends upon the progress of discussions at the World Economic Conference. If, as is to be hoped, an agreement for general currency stabilization can be reached, it may be possible to restore equilibrium between sterling and dollar prices, and to bring into being a condition of affairs which will permit of a moderate and reasonable recovery in both. If, on the other hand, agreement is delayed or proves impracticable, and America decides to " look inwards " and work out her own solution, then we will have to do so as well and to concentrate upon establishing a stable level of prices over that part of the world which regards London as its financial centre. In such circumstances it is difficult to say what will be the future level of prices in either England or the United States.

Notes of the Month

The Money Market.—Money has remained very easy. The clearing banks continue to charge 1 per cent. for short loans, but outside money has been freely available at ½ and ¼ per cent. and there is no doubt that there are large amounts of foreign money on offer in the London market. Currency withdrawals in anticipation of the Wh.tsun holidays, accumulations of funds by the Government in preparation for the War Loan dividend payment and the absence of Treasury bill maturities during the last three days of May took a certain amount of money off the market, but rates remained unaffected, and over the Whitsun week-end, by which time the War Loan dividend money had been released, money was so abundant that lenders were ready to accept ⅛ per cent., and in some cases balances remained unlent. Discount rates also sagged early in the month, and on June 2nd the week's Treasury bills were placed at a record low average tender rate of 5s. 11·18d. per cent. As the month progressed, however, the banks began to prepare for their half-year balance sheets, and confined their bill purchases largely to June maturities. Their purchases kept the rate for June Treasuries down to ¼ per cent. and even less, but rates for longer dates stiffened, August Treasuries being quoted at $\frac{5}{16}$ per cent. and " hot " Treasury bills at ⅜ per cent., while by June 22nd rates for all maturities, other than June bills, had hardened to ½ per cent. Offerings of 2½ per cent. Conversion Loan were suspended at the end of May, as the price had weakened to under 93, and it was felt that the market was saturated. Discount rates on three months' bank bills hardened from $\frac{7}{16}$ per cent. at the end of May to a full ½ per cent. a fortnight later, this movement being in sympathy with the general trend. The German transfer moratorium does not include standstill bills, and these are still discounted in the London market at rates running from ⅞ per cent. upwards. Following the passage of the bill increasing the Exchange Equalization Account by £200 millions, Treasury bills to this amount were issued to the Account. Recent operations on behalf of the Account have been very limited, so that there is no reason to suppose that these new t ills have yet passed into general circulation or have reached the money market.

The Foreign Exchanges.—Although dealings have been restricted and the market inactive, the dollar has been subject to

wide fluctuations. At one time at the end of May it improved to \$3.85½, but there followed the legal abrogation of the "gold clause" and a general belief that the American Administration was about to resort to inflationary measures with the object of raising internal prices. This caused a sharp depreciation of the dollar, and on June 12th sterling rose to \$4.20. Then came the London conversations between representatives from the Central Banks and Treasuries of Great Britain, France, and the United States, and the report spread that an agreement was being reached for temporarily stabilizing the New York Exchange at a rumoured rate of \$4.05. The dollar sharply appreciated to this rate on these rumours, which received some support from the letter addressed on June 15th by Mr. Neville Chamberlain to the Chairman of the London Stock Exchange in which he requested the discouragement of transactions in securities likely to give rise to large-scale movements of funds between London and New York. Rightly or wrongly, this letter was regarded as an attempt to protect the exchange from the disturbing influence of capital movements and so to clear the ground for stabilization. At that week-end, however, came a semi-official report that the American Administration was opposed to stabilization, and a few days later it became definitely known that the conversations had broken down. In consequence the dollar once more depreciated to \$4.23. Forward dollars gradually strengthened as the month progressed, which suggested that the commercial world felt sufficient confidence in the dollar to buy exchange forward in anticipation of the autumn grain and cotton payments. French francs have remained very steady at about Frs.86, but the Dutch and Swiss exchanges have lately been uncertain and subject to renewed speculative attacks.

The Stock Exchange.—Markets have inevitably been under the influence of international events, and the discussions at the World Economic Conference, the attempt to establish some degree of stability between the pound, the franc and the dollar, and the proclamation of the German transfer moratorium have all from time to time affected the course of prices. Taking all these factors into consideration, British Government securities have remained extremely firm. German bonds naturally reacted when the transfer moratorium was first proclaimed, but it was quickly realized that Dr. Schacht was ready to admit the prior claims of the Dawes Loan, and its price soon recovered.

Home railway traffic returns have improved, and stock prices gradually hardened until the middle of June, when some reaction occurred. The industrial share market has been steady and firm, except in the case of "international" shares which have moved in sympathy with Wall Street fluctuations. The most serious movement of the month was the sharp reaction in South African gold-mining shares, which followed the new taxation proposals of the South African Government. The initial fall was very serious, but some recovery followed, largely based on hopes that the proposals would eventually be modified. Rubber shares improved early in June with the further rise in the price of the commodity, but both the commodity and the share market suffered a set-back later in the month. Oil shares have been firmer.

Overseas Trade.—The May trade returns reflect the general improvement in business. Imports at £57·3 millions are the highest of this year, while raw material imports at £14·5 millions are the best since January. Exports of British goods were £30·8 millions, which makes May the best month of the year, with the single exception of March.

Description.	Jan.-May, 1932	Jan.-May, 1933	Increase (+) or Decrease (−)
	£ mn.	£ mn.	£ mn.
Total Imports	303·0	267·1	−35·9
Retained Imports	277·8	247·2	−30·6
Raw Material Imports	75·9	69·8	− 6·1
Manufactured Goods Imports... ...	69·9	58·7	−11·2
Total Exports, British Goods	157·3	146·9	−10·4
Coal Exports	13·1	12·8	− 0·3
Iron and Steel Exports	12·0	11·6	− 0·4
Cotton Exports	28·1	25·9	− 2·2
British Manufactured Goods Exports...	120·1	112·9	− 7·2
Re-exports	25·2	19·9	− 5·3
Total Exports	182·5	166·8	−15·7
Visible Trade Balance	−120·5	−100·3	+20·2

The improvement in trade has not yet had time to have much effect upon the cumulative results for the year to date. Comparing this year and last, exports of textiles (except cotton) and motor vehicles are good, while those of coal, iron and steel and machinery are relatively disappointing. It is still too early to tell how the adverse trade balance will compare with that of last year.

Home Reports

The Industrial Situation

The improvement in business continues, and both reports from the industrial districts and more general indicators show that there has been an appreciable increase in activity during the past two or three months. Unemployment is lower, retail trade is more active, there is a greater consumption of electric power, more new building plans have been passed, and wholesale prices are rising. Both imports and exports have recovered after their April set-back, and there has been an increase in bank advances. Much depends, of course, upon the progress made at the World Economic Conference, and also upon the trend of economic relations between the United States and the rest of the world. If the United States is going to work solely for the establishment of her own economic system and her own internal price-levels, the rest of the world will have to do so as well, and this will necessitate many difficult readjustments. It is to be hoped that the American authorities do not propose to have regard solely to their own internal needs, but will also seek to establish an equitable equilibrium with other countries.

Agriculture

England and Wales.—According to an official report, corn crops were looking healthy and promising. Yields of early and second early potatoes have been satisfactory, and main crop plants are healthy. Hop bines are vigorous and root crops have germinated well. There is every expectation of an average crop of seeds hay, but the yield of meadow hay may be light. Cattle and sheep have done well, and lambs are in forward condition. Milk yields, except in some districts, have shown the normal seasonal increase.

Scotland.—Seasonal work is very well forward and crops are looking well, in spite of the broken weather in June. Haymaking is now in progress and there is every prospect of a good yield. Early potatoes are being sold in Ayrshire, but the price per acre is less than last year. Grain prices have been easier, wheat alone remaining fairly steady. The live-stock markets have been well supplied, and prices are lower. This applies particularly to heavy bullocks, the warmer weather having induced buyers to look out for animals of comparatively light weight.

Coal

Hull.—There has been more activity recently, but the curtailments of outputs under the quota scheme have caused a scarcity of quite a number of fuels, particularly small coals. Prices are higher all round.

Newcastle-upon-Tyne.—Northumberland graded coal is in good demand both for prompt and forward deliveries, but trade in large steam coal is quiet. Gas and coking coal are in poor demand. Coke is a rather better market, particularly for forward business.

Sheffield.—The export market remains quiet, as quota restrictions are causing scarcity. Industrial fuels are in better demand and there is a relative shortage of some qualities of steam coal. Household qualities are in poor demand, and prices are consequently lower.

Cardiff.—There is a slight improvement mainly due to brisker chartering, but forward business is still restricted. Enquiry for prime anthracites is still good and firm prices are quoted for the limited supplies available, but other descriptions are mostly unsettled. Cokes of all types are difficult to dispose of, and prices are weaker.

Newport.—Shipments during May showed a decrease compared with April and with May last year. Shipments to the Irish Free State are now practically negligible, due to the tariff imposed by that State.

Swansea.—The anthracite market is unchanged. Demand for most best qualities is maintained, but all descriptions of second brands are easy. Steam coal is in abundant supply and enquiries are limited.

East of Scotland.—First-class steams have been selling well on both sides of the Forth, and a considerable amount of business has been transacted. Washed fuels of all kinds remain unaltered and are very firm, while exporters cannot find enough singles and pearls to meet current demand. Supplies of large coal are ample.

Glasgow.—The usual seasonal decline in the home trade is seriously hampering collieries, especially in the Lanarkshire area. Exporters, however, are pressing for supplies of the smaller sizes to cover contracts. The only other feature of the

market is the strength of Fife first-class steam, supplies of which are scarce for prompt shipment. Large coals are plentiful and easy.

Iron and Steel

Birmingham.—The market tone shows an improvement, and in the foundry-iron section there is a stronger tendency to buy forward. More pig-iron is being absorbed for light castings, but demand from engineering firms continues disappointing. Business in small steel bars and soft billets is better, and some of the mills are working at full pressure.

Sheffield.—Satisfactory progress is being maintained in nearly every branch of the steel trade, and the demand and output of heavy forgings and castings also show an improvement. Production figures for the United Kingdom for May were the largest monthly total since 1931. The output of pig-iron was the best since 1930. Exports for the month show an appreciable movement, but the scrap position shows little change.

Tees-side.—An improved tone in the iron trade has followed a better volume of business on home account and the promise of some expansion in overseas orders. Makers of Cleveland pig-iron have virtually no stocks, and current demand is absorbing production. Prices are very firm. East Coast hæmatite iron is slightly firmer, but heavy stocks are an embarrassment to manufacturers. Demand is improving, however, and prospects are better. The output of steel is slowly increasing, but heavy finished steel remains rather inactive and the scarcity of shipbuilding specifications and railway requirements is reflected in a shortage of work.

Swansea.—While tin-plate makers were working during May at only 65 per cent. of capacity, their May sales were equal to 105 per cent. of full capacity, or to seven weeks' production at 75 per cent. of capacity. Prices rose owing to the advance in tin. Steel works are still working at 75 per cent. of capacity. No foreign tin-plate bars were imported during the month.

Glasgow.—Makers are deriving benefit not only from the tariffs imposed on imports of foreign materials, but from the advance in continental prices. Imports have, in fact, come almost to an end, but export business shows little signs of broadening out. The feeling in iron and steel trade circles is one of quiet confidence.

Engineering

Birmingham.—Having regard to the seasonal slackening in demand for private cars, business is better than was anticipated. Heavier vehicle sales are not so good. Home demand for motor cycles is fairly well maintained. Export trade is good with the Dominions and quiet with the Continent.

Coventry.—The motor car and cycle trades are fairly steady, and the pedal cycle trade continues good.

Leeds.—There are more enquiries, and conditions are more hopeful than they have been for some months.

Luton.—Home and export trade in cars and heavy vehicles are both well maintained. In the hydraulic engineering section enquiries are better, but trade is very quiet. The general engineering trade is steady.

Sheffield.—The increased activity in general engineering has been well maintained. Every section of the tool trade is in a much better position than a year ago, and conditions are steadily improving.

Wolverhampton.—The improved conditions have been fully maintained, and the pedal cycle trade is reported to be better than it has been for many years.

Glasgow.—Marine engineers have a good deal of work booked in connection with the naval contracts placed some time ago, and employment at the shops promises to increase in the near future. Orders recently completed include one from Russia for the largest wheel press ever built in this country.

Metal and Hardware Trades

Birmingham.—Business in metal smallwares has shown a decided improvement. Reports from the cold rolled brass and copper section are satisfactory and metal market prices have recently advanced. In the tube trade a fair amount of business is booked, but difficulty is experienced in obtaining specifications. Markets were disturbed by talk concerning stabilization of the sterling-dollar exchange, but the consequent fall in prices has been recovered to some extent. The results of the Economic Conference are awaited with deepening interest.

Sheffield.—The cutlery trade is very uneven, and it is difficult to gauge its true condition. There is no doubt that

the volume of trade has improved since a year ago, but business is now passing through different channels. A few firms are busy and are working overtime but a much larger number are still working short time. Competition is keen and the firms who have kept abreast of the times are reaping the benefit. A slight improvement has occurred in the sterling silver and E.P.N.S. section, but the trade is working far below capacity.

Wolverhampton.—The lock trade is improving slowly and the tube trade is decidedly better.

Cotton

Liverpool.—During the past month American cotton prices have shown on balance a slight appreciation. The market has mainly been influenced by political events rather than by the ordinary market factors, and consequently day to day fluctuations have been rather marked amid the general upward trend in prices. The market has been favourably influenced by evidence of increased world consumption; in the United States alone it is estimated that May consumption will be 635,000 bales, against 333,000 bales for May of last year, and considerable speculative buying has taken place. Another bullish influence is the American Secretary of Agriculture's acreage plan, by which it is proposed to reduce the acreage by some 30 per cent. By some it is thought that the plan, even if passed, will be too late to affect the new crop, and it is alternatively proposed to provide compensation to growers for the abandonment of 20 to 30 per cent. of the acreage planted. This scheme is likely to receive opposition from the farmers. The prospect of further inflationary measures in the United States has also had favourable effects on the market. It must be remembered, however, that there still exist very heavy stocks of raw material, and this fact, coupled with the favourable reports on the new crop which are coming forward, may possibly offset any improvement in prices occasioned by the foregoing factors.

Wool

Bradford.—The improved position is more than maintained, for the remarkable strength of the raw wool position still dominates the whole industry, with prices continuing to advance. Spinners are well employed. The manufacturing side is busier

than for some considerable time, and will be well occupied for some time to come upon orders already placed.

Hawick.—In the Border tweed trade there is a dearth of repeat orders for the coming winter, but patterns for the spring of 1934 have been well received and are being taken up a little more freely than of late. Looms, however, are not very active. Prices are well maintained. The hosiery and underwear trade is considerably better. Spinners and dyers are quiet, due partly to the fact that worsted yarns, which are being largely used at present, are spun on the English side of the Border.

Other Textiles

Dundee.—An easier tendency in the prices of raw jute and Calcutta goods has lessened activity in the jute market, but enquiry is still good and manufacturers are well placed with orders for delivery a few months hence. Several mills, which had been standing idle for a long period, have now been reopened.

Dunfermline.—Business in the Fifeshire linen trade is still not of large dimensions, but buyers are displaying more interest although competition for orders is so keen that it is difficult to obtain good prices. Flax and tow continue steady with a rising tendency in prices. There is not much business passing, however, as spinners are restricting their purchases to immediate needs.

Leather and Boots

Northampton.—Trade continues brisk in both the shoe and leather trades. Business for forward delivery is moderate, but small orders are arriving daily in satisfactory numbers. The leather market is rising, and in certain grades prices have advanced considerably.

Walsall.—There is an improvement in the tanning industry, and prices of hides show an upward tendency. Some good orders have been received from America. Saddlery also is better, and there is a good demand for sports goods for home and abroad.

Shipping

Hull.—Enquiry is better, but with tonnage in plentiful supply rates continue low.

Liverpool.—Chartering remains quiet. North American freights are poor and lack of demand from Europe for grain is causing an accumulation of tonnage at Montreal. There is a better undertone in the River Plate section, but the outlook is discouraging owing to low rates and a shrinkage in export figures. Eastern markets are firm owing to the small amount of tonnage available, and enquiries have come from the Madras Coast. The outlook in the East of Suez section inspires some confidence, but conditions generally are disappointing. It appears that requirements are being deferred until after the World Economic Conference.

Newcastle-upon-Tyne.—The market is barely steady, and rates this month have gone in charterers' favour.

Cardiff.—The freight market is rather better, and for some ports in the Mediterranean rates have advanced 6d. to 9d. per ton during a fortnight. This is mainly due to a shortage of suitable tonnage.

Newport.—There are fourteen vessels laid up as compared with thirteen in May and twenty-one last year. A weekly service of steamships between Newport and Canada is now in operation.

East of Scotland.—There were over twenty vessels on loading turn at the Forth coaling ports towards the end of June. Other branches of shipping show no improvement, and conditions at the port of Leith remain very depressed with rates tending downwards.

Glasgow.—Scarcity of c.i.f. orders accounts for the continued quietness. Very low rates are still quoted in the Baltic section, in which the chief business is being transacted.

Foodstuffs

Liverpool, grain.—The wheat market has, during the past month, been quiet and lacking in interest. Plentiful supplies, generally good crop prospects and good weather for crops in Western Europe have rather discounted the bullish effects of reports of damage to the American spring crop by hot weather and the lack of rains during the Australian sowing season. The United States winter wheat crop is revealed to be very poor, the June estimate for 1933 being 341 million bushels, against 462 million bushels last year, and consequently the markets are

particularly reactive to any adverse reports. It is possible that the Russian spring crop may be large, as it is estimated that 53,000,000 acres have been seeded. The market is awaiting the outcome of the World Economic Conference and looks for a reduced acreage. Spot prices were generally slightly harder on the month, while flour advanced in unison by about 6d. per sack. There has been little enquiry for maize, and on balance prices are slightly lower. A feature has been the offering of Danubian and Italian for early shipment at prices somewhat below resellers' prices for River Plate supplies.

Liverpool, provisions.—During the month warm weather had the effect of reducing the consumption of continental bacon and lowering prices; on the other hand, gammons and American hams advanced substantially in value for the same reason. A very moderate trade was done in lard, with small fluctuations in prices. Butter proved steady to firm, but stocks are still heavy. Cheese was firm, prices showing a slight advance. In the canned goods section meats were in improving demand at about unchanged values and fruits continued in good request at somewhat higher prices.

Fishing

Brixham.—Long periods of calm weather during May prevented sail trawlers from working the grounds, and landings were, therefore, particularly small. Demand was poor, so that prices did not respond to the short supplies but showed a downward tendency.

Lowestoft.—Landings in England and Wales by British vessels during May amounted to 59,167 tons, valued at £806,270. This was a reduction of 1,290 tons as compared with May, 1932, and the value has decreased by £6,488. Owing to the British tariff less foreign fish was imported, but an increased tariff in Germany diverted larger supplies from Denmark and Holland to this country. Preparations are being made at herring fishing ports for the Scottish summer fishery.

Penzance.—Fishing has been fairly good. The mackerel season, which has been prosecuted entirely by the East Coast boats, has slackened, as most of the boats have left for their home ports. Those that remained, however, have done fairly

well. Local liners have landed some good deep-sea catches, making as much as £115 down to £40 for the week.

Scotland.—The dispute regarding the discount in connection with the sale of fresh herrings has only just been settled, with the result that there has been very little doing at the herring fishing in the Moray Firth. Fair catches have been obtained at Lerwick and other ports. Line fishing continues to yield good results with prices at a remunerative level.

Other Industries

Carpet-making.—The general outlook is good, and most manufacturers are busy. Axminsters are in great demand and makers were in many cases behind with deliveries for the home spring trade. Overseas orders are also coming in freely, Australia, New Zealand, Scandinavia and Holland being our best customers. Prices of all raw materials have risen considerably.

Paper-making and Printing.—Edinburgh reports no improvement in the paper-making trades where conditions remain dull with short-time general. The printing trade is rather easier.

Pottery.—Stoke-on-Trent reports a slight general improvement, although May imports of earthenware and tiles were greater than those of April. Foreign orders are coming in a little better in the china trade, but the home market shows a decline.

Timber.—Business in Hull continues brisk, and large quantities have gone into consumption. Demand is still good and prices rising. The market has risen £2 per standard since the Russian embargo came into force and would rise still further if there were not the feeling that the embargo will be lifted this season. Floorings are at a premium, and very few shippers are able to offer any quantity. Cardiff reports the pitwood market to be uninteresting with heavy stocks. The prompt market has been unsettled by the arrival of a cargo of pitwood from Newfoundland under the barter scheme.

Overseas Reports

Australia

From the National Bank of Australasia Limited

Useful rains have now facilitated wheat sowing on a satisfactory scale and have also promoted the growth of pastures over most of the heavy carrying pastoral districts. The season is unfavourable to bad in parts of Queensland and New South Wales and the outer areas of South Australia. Favourable factors are to be found in the rising trend of wool prices and in the estimate of nearly 3,000,000 bales for the forthcoming wool clip, but substantial increases in wheat and butter prices are still needed to restore former prosperity. Winter butter production and exports are very limited. Some of the secondary and distributing industries show advances over last year and also during the past four months, but there is a slight slackening in the textile trades. The favourable merchandise trade balance during the ten months to the end of April was £20 millions sterling, to which must be added £16 millions sterling, representing gold shipments.

Canada

From the Imperial Bank of Canada

Mainly in sympathy with the upward trend of trade and prices in the United States, there has been a definite improvement in business activity. This recovery includes automobiles, farm implements, steel products, textiles, motor tyres, boots and shoes and high-grade papers, while merchants also report an expansion in sales. Commodity prices, particularly those of foodstuffs and metals, have been rising, and this has strengthened the purchasing power of farmers and has also brought about a strong forward movement in the security markets, notably in industrial common shares. Business leaders, however, are a little doubtful if this improvement will last, or whether a continued rise in prices will not in the end check the consumption of goods. It is true that the advance in American prices may relieve Canadian manufacturers from American competition in the Canadian market, but much depends here upon whether Canadian prices remain at a relatively lower level, and also upon the course of the New York-Montreal exchange.

India

Bombay.—The raw cotton market was firm and active during May in sympathy with the buoyant tone of the American markets. There was a good export demand from both Europe and Japan. There was some slight improvement in sales of yarn and piece-goods, but stocks are still heavy and prices remain poor. More mills closed down during the month, while two reopened with depleted staffs. The temporary withdrawal of the civil disobedience movement during early May revived confidence among dealers in foreign piece-goods and led to a slightly better enquiry for Manchester goods, but unfortunately this did not last as dealers were unable to respond to the higher prices required by suppliers.

Since this report was mailed, the Indian Government raised the customs duty upon cotton piece-goods of non-British origin from 50 to 75 per cent., with the object of checking Japanese competition. In reply the Japanese spinners decided to boycott Indian raw cotton. The immediate effect of the increase in the Indian customs duties was to improve the demand for Manchester goods. It remains to be seen whether the Japanese boycott is practicable, and what other developments follow.

Calcutta.—The loose jute market ruled firm during May, and the mills bought heavily at advancing rates. A large volume of business was also put through in baled jute, and prices also rose until towards the end of the month, when demand fell away and a sharp decline in prices took place.

Rangoon.—Beyond a small enquiry from Hong Kong there has been no demand for rice from any quarter. Prices have been kept steady by the activities of bull speculators, but enormous surplus stocks are still being carried, and these must be allowed for when considering the possibility of better prices. With the advent of the rains there was a slight revival in the demand for building materials for repairing purposes, and at one time there was a scarcity of galvanized sheets. Conditions, however, are so bad that dealers are still adhering to their policy of holding very small stocks.

Irish Free State

Favourable weather has been experienced, and crops are in good condition, with every prospect of a satisfactory harvest.

Hay making has begun, and the yield is well up to average. The number of cattle on offer at recent fairs and markets shows an increase. The English demand is still very restricted, and sales are made chiefly to home buyers. There is some evidence that a new trade with Germany is being developed, and this has helped to stiffen prices.

France

From Lloyds & National Provincial Foreign Bank Limited

General indications show that trade is slowly improving. The unemployment returns for June 10th give a figure of 271,131, compared with a peak figure of 330,874 at the end of February, and one of 273,974 in June last year. Railway receipts averaged Frs.218 millions in April, against Frs.211 millions in March, while the April production index was 107, compared with 104 in March and only 92 in July last year. Commodity prices, notably tin and copper, are rising, which has stimulated activity on the Paris Bourse. The coal trade remains very depressed, with competition from Belgian coal in the North of France. Business in the steel trade is definitely better than a few months ago, but recently manufacturers have been waiting to see how the new prices fixed by the syndicates of the International Steel Cartel will operate.

Bordeaux.—This year's vintage promises well. There has been some activity in older wines, which are becoming scarce. Resin prices are firm, with a big demand for dark grades. Stocks are low.

Le Havre.—Business in raw cotton is expanding, and satisfactory reports are received from the mills. Spinners of medium counts are working a full week, and have orders in hand for some time ahead. Prices have been influenced by development in America, but have remained fairly stable on the whole. The coffee market is weak, with an uncertain tone and limited demand.

Lille.—The outlook in the textile trades is a little better, particularly in the weaving section, where prices are firm. There is a better demand for linen and cotton yarns, but prices are still barely remunerative. Business in jute yarn is very quiet.

Marseilles.—The oilseed market was active during May, and prices have risen. Crushers are carrying very low stocks,

so that the increase in prices should be maintained. Sales to Germany have now ceased, but French consumers have been buying, and recent supplies from India, though heavier than last year, were readily absorbed. Copra prices have also improved, and it is hoped that the recent restrictions upon imports imposed in Germany will shortly be modified. The olive oil market has been active and prices are firm. Stocks in producing countries are not large, and growers are becoming more hopeful.

Roubaix.—The situation in the wool industry has improved. There is a good business in tops at higher prices, and combers are well employed. Spinners are also slightly busier and several firms are now able to work shifts of six hours. There is a better demand for weaving yarns, chiefly from the home market. In the manufacturing section, some makers of fancies are now working a full week of forty-eight hours.

Belgium

From Lloyds & National Provincial Foreign Bank Limited

Antwerp.—There has been some improvement in both the Bourse and the produce markets. Dealings in wool futures have been active, and there is some revival in the diamond trade. Shipping is quiet and freights no better, but enquiries are slightly more numerous.

Brussels.—There is little change in the coal trade. Demand for industrial fuel is very limited, and foreign competition is very keen. The iron and steel industry is busy adjusting itself to the new conditions consequent upon the reconstitution of the International Steel Cartel and the formation of the export sales syndicates. Still, the recent slight improvement has been maintained and prices are firm. The demand for artificial Portland cement remains satisfactory. Prices are low, but production has improved to 54·7 per cent. of capacity against 45·8 per cent. a year ago.

Germany

Some general improvement is noticeable in German industry. Unemployment stood at only 5,040,000 on May 30th, against 5,332,000 on April 30th, and 5,583,000 on May 30th, 1932. Coal production has improved from 250,900 tons for

the week ended May 6th to 263,400 for the week ended June 3rd, while output for the week ended June 3rd, 1932, was only 227,500 tons. The Westphalian Coal Syndicate also reports an improvement in daily sales from 148,000 tons in April to 177,000 tons in May. The tonnage quotas allotted to the German steel industries by the International Steel Cartel are expected to revive the German steel export trade, and there is also a better home demand. Wholesale prices, which had remained steady for a long time, have recently begun to advance, particularly in agricultural produce and raw materials.

Holland

Business conditions are a little better, and the seasonal decline in unemployment is rather more marked than it was a year ago. The Sumatra tobacco sales, which this year were suspended almost immediately after they had begun in April, have now been resumed, and prices are much more satisfactory. Previous reports that the more efficient rubber estates are now able to cover their costs have been confirmed, while the statistical position of tea, tin and certain other products has improved. The financial position remains sound. The Government finds no difficulty in renewing its short-term obligations as they fall due, but is seeking to place a consolidation loan as early as possible.

Norway

There is some evidence of a slight improvement in trade. There was a considerable increase in activity on the Bourse during May, and while business was mainly confined to bonds, greater interest was taken in industrial shares. There has been the normal seasonal decline in unemployment from 39,846 in April to 35,803 in May, while the quantity of laid-up tonnage was reduced during May from 1,263,615 to 1,220,825 tons d.w. The discount rate of the Norges Bank was lowered from 4 to 3½ per cent. on May 24th. This last rate is the lowest on record since 1895–96, and the reduction has been made partly with the object of assisting domestic producers. Steps are being taken by the Government and the Norwegian Canners' Association to organize and control the export trade in Norwegian brisling.

Sweden

Export business has expanded during the past few weeks. Timber sales have improved, and it is estimated that about 550,000 standards, or about two-thirds of this year's production, have already been sold. Prices consequently are firmer, and terms of delivery are being extended as far ahead as October. Sales of wood pulp have also been very heavy, and amount to 75 to 85 per cent. of the quantities of the various kinds of pulp available. A number of mills have already sold the whole of their output for the current year. The paper market is also stronger, especially in "kraft" and sulphite paper. The Riksbank reduced its discount rate from 3½ to 3 per cent. on May 31st.

Denmark

On June 1st the National Bank reduced its rate from 3½ to 3 per cent. Maximum deposit rates paid by the banks are now fixed by law at 3 per cent. for money on call and 3½ per cent. for money at three months' notice. Conditions generally have improved. Unemployment has fallen to 94,585 for the middle of June, compared with 114,296 a month before, and there has been a big reduction during the past year from 306,989 to 216,373 tons d.w. in the volume of laid-up tonnage. During May the National Bank added Kr.18·8 millions to its foreign exchange reserves, while the three leading joint-stock banks increased their own reserves by Kr.7·7 millions. Stock Exchange quotations have strengthened. Prices of butter and eggs are steady, but bacon prices have fallen.

Switzerland

From Lloyds & National Provincial Foreign Bank Limited

While the export trades remain depressed, certain industries are more active, and unemployment, which stood at 101,000 at the end of January, has now fallen to about 65,000. The general financial situation remains sound, and even after the recent withdrawals of foreign funds, the National Bank has a gold cover of 95 per cent. Unfortunately, the dwindling yield of customs duties and railway receipts and the increased cost of unemployment relief have combined to bring about a budget deficit of about Frs.100 millions. New taxes are about to be imposed to meet this deficit.

Spain

Trade returns for the first quarter of 1933 show imports of 170 million gold pesetas and exports of 176 million gold pesetas, against 243 million gold pesetas and 195 million gold pesetas for the corresponding period of 1932. Strong opposition to the nationalization of the nitrate industry is being made by the agricultural interests, which fear an increase in the price of fertilizers produced in Spain, and the repercussion on their export trade through the cessation of imports of this commodity from England. An agreement has been made between the Banks and Savings Institutions whereby maximum interest rates are fixed, varying from 2 per cent. on current accounts to 4 per cent. on twelve months' deposits. Temporary relief has been granted to the orange growers by an allowance in respect of fruit exported to England and by a reduction in railway rates.

Morocco

From the Bank of British West Africa Limited

Business conditions have slightly improved during the past month. The harvest is in full swing, and the normal revival of business has, in some degree, been felt. Money is moving more freely, and there has been but little sirocco and no important depredations by locusts this season. The Fez district and even Marrakech and Agadir have escaped the dryness that most areas experienced in the late winter and spring, and Saffi and Mogador, where rainfall is precarious, have had good late rains. The Government control of cereal exports, particularly as to the quotas for free entry into France, renders the situation obscure and the outlook uncertain ; stocks carried over from last season have yet to be disposed of, and growers are continuing their representations to the Authorities. Egg exports are quiet. Early vegetables, sent to Europe, are abundant, as also the early fruit crop, particularly apricots. Maize wants rain. Animals are in good condition. Phosphates continue in small demand. Growers in Algeria and in France itself are agitating for protection against increasing imports into France from Morocco of vegetables and fruits. Cotton piece-goods offered on this market are now coming principally from Japan. Green tea imports continue heavy, and it is said that Japan intends to make a strong bid for Moroccan trade in this important item.

The United States

Stocks of gold held by the Reserve Banks and the Treasury are increasing, as the authorities have been exerting considerable pressure to attract gold out of private hoards. The gold holdings of the Reserve System alone increased between April 19th and June 14th from $3,366 to $3,533 millions. The issue of fiduciary currency is also expanding, for during the same period Federal Reserve Notes, which have a 40 per cent. gold backing, have decreased from $3,477 to $3,118 millions, while by June 14th, the Federal Reserve Bank Note issue, which only requires a 5 per cent. gold backing, had expanded to $113 millions. The issue of National Bank Notes, which is also mainly fiduciary, has also expanded. Money is very plentiful and easy, and the Stock Exchange has been active. General trade conditions also improved during May and early June, but our New York correspondent's report, dated June 10th, states that the rate of increase was not then so marked as a few weeks before. Automobile sales were encouraging, and the increased activity in this industry is helping the steel trade. Fresh orders for steel have also been received from the railroads and from structural engineers. The number of blast furnaces in operation increased from 48 to 63 during May, and there was an increase of 65,241 tons to 1,929,815 tons in unfilled orders on the books of the United States Steel Corporation. The latest returns for the middle of June show that steel production has risen to 50 per cent. of capacity. Wage increases are reported from the steel industry and the New England textile mills, and unemployed workers are being re-engaged in many districts. Raw sugar prices have advanced to 1.50 cents per lb., which incidentally is the figure aimed at by all the recent sugar legislation and restriction schemes, while there has been a marked advance in the price of rubber, largely due to increased activity on the part of tyre-makers, who have all raised their list prices. The statistical position of copper has improved, and prices are higher. Tin-plate makers are now working at 90 per cent. of capacity. Raw cotton prices are also higher, and crop is in good condition. Private estimates point to an acreage of 40 millions, or 10 per cent. more than last year, with possibilities of a crop of 14·5 million bales, but it is uncertain what steps will be taken by the Government to reduce acreage. The Reconstruction Finance Corporation has extended

to the Chinese Government a credit of $50 millions, to be used for the purchase of 900,000 bales of cotton and 10 to 15 million bushels of wheat. Repayment is to be spread over three years.

Japan

May imports were Y.179 millions, against Y.157 millions in April and Y.151 millions in May, 1932. Exports were Y.162 millions, against Y.133 millions in April and Y.103 millions in May, 1932. The increase in exports is due to better trade with the United States, the East Indies and Manchukuo, and to a revival in trade with China. Raw silk sales have again expanded, and the steadier tendency of prices in foreign markets has stimulated a more hopeful tone, but some anxiety is being felt at the rapid increase in the value of the yen against the dollar. Prices of future contracts have gradually risen during the past month, while there has been a strong market in spring cocoons. Curtailment of production by cotton spinners is to be maintained at the existing rate of 27·6 per cent. for a further three months as from July. Money is easy, and Stock Exchange prices have improved. The exchanges have remained steady.

Banking

1. BANK OF ENGLAND

Date.	Issue Department.		Banking Department.				
	Gold.	Notes in circulation.	Reserve and Proportion.		Bankers' Deposits.	Govt. Securities.	Discounts &Advances.
	£ mn.	£ mn.	£ mn.	Per cent.	£ mn.	£ mn.	£ mn.
1932.							
June 22... ...	*135·7*	*358·5*	*52·9*	*37·1*	*73·6*	*66·6*	*14·1*
1933.							
May 31... ...	186·3	374·1	73·3	48·8	77·5	72·5	11·2
June 7... ...	186·6	378·5	69·3	46·3	102·4	76·3	11·1
June 14... ...	187·1	375·0	73·2	47·2	104·8	75·4	13·0
June 21... ...	188·1	372·0	77·3	48·3	95·2	73·6	12·7

2. TEN CLEARING BANKS

Date.	Deposits.	Acceptances.	Cash.*	Call Money.	Bills.	Investments.	Advances.
1932.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.
May	*1,699·0*	*99·5*	*222·0*	*113·1*	*246·5*	*300·2*	*871·4*
December	1,983·1	89·4	256·4	126·6	407·9	472·4	773·4
1933.							
January	1,982·8	91·3	255·5	113·8	431·2	472·4	764·4
February	1,956·7	96·0	250·2	111·8	385·5	497·5	765·6
March	1,925·1	95·8	247·1	108·7	348·1	510·2	766·2
April...	1,930·4	94·2	261·9	104·7	337·8	517·2	763·6
May	1,944·0	96·5	249·3	97·7	346·1	530·4	774·8

* Includes balances with other banks and cheques in course of collection.

3. LLOYDS BANK, RATIO OF CURRENT ACCOUNT CREDIT BALANCES TO TOTAL DEPOSITS

Year.	Ratio.	Month.	Ratio.				
			1929.	1930.	1931.	1932.	1933.
			%	%	%	%	%
1902	58·2	January	46·8	45·1	45·9	46·5	46·3
1914	49·9	February	45·9	44·2	45·1	44·7	45·8
1919	60·7	March	45·2	44·5	45·3	44·7	45·8
1920	56·7	April	44·9	45·1	45·0	45·2	46·0
1921	50·7	May	44·1	44·0	44·8	45·3	46·4
1926	48·6	June	44·5	44·4	45·4	45·4	
1927	47·4	July	45·4	44·7	45·7	46·0	
1928	46·4	August	45·3	44·4	45·7	45·7	
1929	45·2	September ...	45·3	44·7	45·0	45·2	
1930	44·7	October	45·6	44·8	45·3	45·2	
1931	45·4	November... ...	44·7	44·8	45·3	45·2	
1932	45·4	December... ...	45·3	46·0	46·7	46·2	

Money, Exchanges and Public Finance

1. LONDON AND NEW YORK MONEY RATES

Date.	London. Bank Rate.	London. 3 Months' discount Rate.	London. Day-to-day Loans.	New York. Re-discount Rate.	New York. 90 Days' eligible Bank acceptances.	New York. Call Money.
1932.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.
June 22... ...	*2½*	*1—1$\frac{1}{16}$*	*¾—1½*	*3*	*1*	*2½*
1933.						
May 31... ...	2	$\frac{7}{16}$—½	¼—1	2½	⅜	1
June 7... ...	2	$\frac{7}{16}$	¼—1	2½	⅜	1
June 14... ...	2	⅜	¼—1	2½	⅜	1
June 21... ...	2	$\frac{5}{16}$	½—1	2½	⅜	1

2. FOREIGN EXCHANGES

London on	Par.	1932. June 22	1933. May 31	1933. June 7	1933. June 14	1933. June 21
New York ...	\$4·866	3·62⅝	3·99¾	4·07	4·10½	4·16½
Montreal ...	\$4·866	4·17	4·51⅝	4·50½	4·56¼	4·62¾
Paris	Fr. 124·21	92⅛	85⅝	86$\frac{1}{32}$	86	86⅝
Berlin... ...	Mk. 20·43	15·24½	14·51½	14·56	14$\frac{11}{32}$	14·30½
Amsterdam ...	Fl. 12·11	8·95½	8·38	8·41½	8·42½	8·46
Brussels ...	Bel. 35	26$\frac{1}{32}$	24·19½	24·29½	24·22½	24·31½
Milan	Li. 92·46	71$\frac{9}{16}$	64$\frac{13}{16}$	65$\frac{1}{16}$	64$\frac{15}{16}$	64¾
Berne	Fr. 25·22½	18·60½	17·47	17·53½	17·52½	17·61
Stockholm ...	Kr. 18·16	19·50	19·50	19$\frac{13}{32}$	19·42½	19·42½
Madrid ...	Ptas. 25·22½	43$\frac{15}{16}$	39$\frac{7}{16}$	39⅞	39$\frac{11}{16}$	40$\frac{1}{16}$
Vienna ...	Sch. 34·58½	32½*	30½*	30½*	31*	31*
Prague ...	Kr. 164·25	122½	113¾	113¾	113⅝	114
Buenos Aires...	47·62d.	34¼‡	41¾†	41⅝†	41½†	41½†
Rio de Janeiro	5·89d.	5$\frac{1}{16}$‡	4½†	4$\frac{9}{16}$†	4$\frac{7}{16}$†	4$\frac{7}{16}$†
Valparaiso ...	Pes. 40	60·50*	54·60†	55·45†	55·45†	55·40†
Bombay ...	18d.	17$\frac{15}{16}$	18$\frac{1}{16}$	18$\frac{1}{16}$	18$\frac{1}{16}$	18$\frac{1}{16}$
Hong Kong ...	—d.	15½	16¾	16¾	17⅛	17
Shanghai ...	—d.	20¼§	15⅝	15½	15¾	15¼

* Nominal. † Official rate. ‡ Rate in London. § Per tael; this year's rates represent pence per dollar.

3. PUBLIC REVENUE AND EXPENDITURE

Revenue.	To June 17 1933.	To June 18 1932.	Expenditure.	To June 17 1933.	To June 18 1932.
	£ mn.	£ mn.		£ mn.	£ mn.
Income Tax ...	15·0	17·2	Nat. Debt Service	72·3	98·4
Surtax	5·4	6·2	Northern Ireland Payments...	0·9	0·9
Estate Duties ...	13·3	16·0	Other Cons. Fund Services...	0·9	0·5
Stamps	2·1	1·2	Supply Services	84·2	86·8
Customs... ...	36·3	33·8	Ordinary Expenditure ...	158·4	186·7
Excise	23·1	28·1	Sinking Fund	—	6·0
Tax Revenue ...	96·4	103·3	Self-Balancing Expenditure ...	12·9	13·5
Non-Tax Revenue	9·4	7·3			
Ordinary Revenue	105·8	110·6			
Self-Balancing Revenue	12·9	13·5			

1. PRODUCTION

Date.	Coal.*	Pig-Iron.	Steel.
1932.	Tons mn.	Tons thou.	Tons thou.
May	*4·0*	*315*	*417*
December	4·3	284	430
1933.			
January	4·4	287	444
February	4·6	271	483
March	4·5	332	578
April	3·9	325	510
May	3·9	340	600

* Average weekly figures for month.

2. IMPORTS

Date.	Food.	Raw Materials.	Manufactured Goods.	Total.
1932.	£ mn.	£ mn.	£ mn.	£ mn.
May	*29·9*	*13·7*	*11·6*	*53·7*
December	32·1	15·6	12·7	60·6
1933.				
January	27·2	15·1	11·5	54·1
February	25·2	13·2	10·5	49·1
March	29·2	14·1	12·8	56·3
April	26·4	13·0	11·4	51·2
May	30·0	14·5	12·6	57·3

3. EXPORTS

Date.	Food.	Raw Materials.	Manufactured Goods.	Total.
1932.	£ mn.	£ mn.	£ mn.	£ mn.
May	*2·6*	*3·6*	*23·2*	*30·2*
December	2·8	3·9	23·6	32·4
1933.				
January	2·5	3·8	22·1	29·2
February	2·3	3·4	21·4	27·9
March	2·3	3·8	25·4	32·6
April	1·9	3·1	20·5	26·4
May	2·2	4·2	23·5	30·8

4. UNEMPLOYMENT

Date.	1927.	1928.	1929.	1930.	1931.	1932.	1933.
End of—	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.
January ...	12·0	10·7	12·2	12·6	21·5	22·4	23·1
February ...	10·9	10·4	12·2	13·1	21·7	22·0	22·8
March	9·8	9·5	10·1	14·0	21·5	20·8	22·0
April	9·4	9·5	9·9	14·6	20·9	21·4	21·4
May	8·7	9·8	9·9	15·3	20·8	22·1	20·5
June	8·8	10·7	9·8	15·4	21·8	22·3	
July	9·2	11·6	9·9	16·7	22·6	22·9	
August ...	9·3	11·6	10·1	17·1	22·7	23·1	
September ...	9·3	11·4	10·0	17·6	23·2	22·9	
October ...	9·5	11·8	10·4	18·7	21·9	21·9	
November ...	9·9	12·1	11·0	19·1	21·4	22·2	
December ...	9·8	11·2	11·1	20·2	20·9	21·7	

Percentage of Insured Workers.

Prices

1. WHOLESALE PRICES (average for month)

Date.	Index Number (Sept. 16th, 1931 = 100).				
	U.K.	U.S.A.	France.	Italy.	Germany.
1932.					
May	*101·2*	*88·4*	*95·5*	*93·5*	*89·3*
December	102·3	84·8	88·1	91·3	84·9
1933.					
January	101·4	81·8	87·7	90·6	83·7
February	100·3	79·9	88·0	89·4	83·8
March...	99·3	81·3	87·3	87·7	83·7
April	99·5	82·9	87·0	86·2	83·3
May	102·1	87·4	86·5	86·2	84·4
May, 5th week	103·5	90·0	87·2	86·6	84·9
June, 1st week	103·6	90·9	87·2	87·0	85·5
June, 2nd week	104·3	92·1	87·0	86·9	85·4
June, 3rd week	104·1	92·8	—	87·1	85·5

Sources: U.K., "Financial Times"; U.S.A., Irving Fisher; France, Statistique Generale; Italy, Italian Chamber of Commerce; Germany, Statistische Reichsamt.

2. RETAIL PRICES (end of month)

Date.	Food.	Rent (including rates).	Clothing.	Fuel and Light.	Other items included.	All items included.
1932.						
May	*23*	*54*	*90*	*70–75*	*75*	*42*
December ...	23	55	85	70–75	70–75	42
1933.						
January	22	55	85	70–75	70–75	41
February ...	19	55	85	70–75	70–75	39
March	15	55	85	70–75	70–75	37
April	14	55–56	85	65–70	70–75	36
May	14	56	85	65–70	70–75	36

The figures represent the percentage increase above July, 1914, which is equal to 100.

3. COMMODITY PRICES (average for month)

Date.	Wheat, No. 1 N. Manitoba.	Cotton American Middling.	Wool, 64's tops avge.	Pig-Iron, Cleveland No. 3.	Tin, Standard Cash.	Rubber, Plantation Sheet.
	per qr. s. d.	per lb. d.	per lb. d.	per ton. s. d.	per ton. £	per lb. d.
1932.						
May	*31 10*	*4·83*	*21*	*58 6*	*122⅜*	*1 15/16*
December ...	26 10⅜	5·15	22¼	58 6	149⅞	2 7/16
1933.						
January	27 0	5·21	23	59 6	145 13/16	2 5/16
February ...	25 9	4·97	22	62 6	148⅝	2 1/16
March	26 9	4·99	21¾	62 6	149 5/16	2⅛
April	27 4½	5·32	22⅞	62 6	158	2⅜
May	29 4	5·98	24¼	62 6	186¼	2⅝